A need to be vigilant in fighting fraud and abuse

By Paul Trause

Last fall, the Department of Labor and Industries held public hearings around the state regarding a proposal to raise workers' compensation rates. We heard an earful about raising employers' costs during difficult economic times, but we also repeatedly heard something else – complaints that some workers, employers and health-care providers routinely cheat the system.

Now, I think we all realize that the vast majority of the people Labor and Industries deals with play by the rules because it's the right thing to do. They understand the vital role industrial insurance plays in treating injured workers and protecting employers from costly personal injury liability lawsuits.

But in our system, workers and employers pay premiums based on the cost of claims that are filed. An employer's rates go up when workplace-injury claims drag on for months, even years. When one of those claims turns out to have been falsified, the employer and, to a lesser extent, his healthy employees who show up for work each day, unfairly pay the price. Legitimate employers and their employees also pay the price when companies they compete with don't pay premiums. And we all pay too much when a provider submits fraudulent bills. Fraud is especially burdensome on the small and medium-size employer who can't easily absorb the cost of higher insurance rates.

That's why Labor and Industries has launched an aggressive campaign to weed out fraudulent claims, detect improper billing and track down employers who fail to pay the premiums they owe.

New anti-fraud legislation that takes effect June 10 will help us do that. Thanks to the governor and the state Legislature, L&I is in the process of adding fraud investigators and auditors throughout the state. Ten new positions have been created, and existing positions have been reassigned to deal with fraud and abuse. The agency is dramatically increasing the number of validity checks it runs, to make sure workplace-injury claims are legitimate. We will audit more employment records, and later this year a new software system will detect health-care-provider billing irregularities.

We've already gotten tougher on fraud. Earlier this year, L&I extradited from California a worker who cheated the system. And in March, L&I, for the first time ever, suspended the registrations of three contractors who owed the State Fund more than $600,000. It wasn't just a case of the state wanting its money. The fact that these employers weren't paying premiums didn't stop their workers from getting injured and filing claims that legitimate employers wound up paying for.

Combating fraud and abuse is but one of five high-priority projects L&I has undertaken this year. In addition to the fraud program, these projects are designed to:

- Improve the speed, fairness and quality of workers' compensation processes.

- Get people back to work as soon as they are medically able.
- Involve employers earlier and more often in the claims process.
- Prevent workplace injuries and illnesses.

If fraud were rampant, we would face a daunting challenge. Fortunately, it is not. The challenge we do face is to make sure that claims are legitimate, that they are handled efficiently and that employers contribute their fair share to the workers' compensation system. That way, nobody pays more than they should. It's all a matter of fairness.

Paul Trause is the director of the Washington Department of Labor and Industries.